

Before the

POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

NOTICE OF PROPOSED RULEMAKING ON ANALYTICAL PRINCIPLES USED IN
PERIODIC REPORTING (PROPOSAL FIVE)
Docket No. RM2018-8

COMMENTS OF U.S. CHAMBER OF COMMERCE
(August 28, 2018)

The U.S. Chamber of Commerce has previously expressed our strong support for the Commission's efforts to bring greater transparency to international inbound shipments. Transparency is critical, as the Universal Postal Union (UPU) has promoted a "special arrangement" for foreign government-designated and government-protected enterprises that distorts international e-commerce, and imposes unfair and unreasonable harm to U.S. merchants and companies providing international delivery services.

This "special arrangement" has cost the Postal Service a reported \$170 million in FY2017 for inbound Letter Post.¹

We believe that USPS failed to base this estimate on shape-based pricing. In the FY 2017 Annual Compliance Determination Report, the Commission directed the Postal Service, "within 90 days, to submit an update on its collection of accurate shape-based data, and development of costing models for Inbound Letter Post using the shape-based data if it has not yet filed a rulemaking proposal to implement shape-based costing for Inbound Letter Post."²

The Postal Service established Docket RM2018-8 to answer the PRC's directives and provide new methodology for separate shape-based costing for letters and flats, bulky letters and small packets. The Postal Service indicates that its proposal includes cell-by-cell differences between costs that would result under proposed shape-based methodology. These costs would be different from the data provided in the Annual Compliance Report for 2017 that did not include shape-based pricing.

The Postal Service should make public the results of the proposal. The Chamber believes it is important for the public to know the impact of the Postal Service's changes. It is important for the public to understand the average cost per piece and the total costs for delivery of inbound letters (P shape), per flats (G shape), and per bulky letters/small packets (E shape) for Inbound Single-Piece First-Class Mail International and inbound International Negotiated Service Agreements.

¹ Postal Regulatory Commission. "Annual Compliance Determination Report Fiscal Year 2017." Page 65. March 29, 2018. https://www.prc.gov/docs/104/104398/2017_ACD.pdf

² Postal Regulatory Commission. "Annual Compliance Determination Report Fiscal Year 2017." Page 69. March 29, 2018. https://www.prc.gov/docs/104/104398/2017_ACD.pdf

Such public disclosure is necessary so that a reasonable apples-to-apples comparison of costs can be ascertained. The Postal Service should provide these figures for the last five years as proposed in Docket No. RM2108-2. The updated data would improve public understanding of the adverse effects of UPU remuneration provisions.

As in Docket No. RM2018-2, the Chamber believes the Commission should not accept the Postal Service's redaction of cost data for inbound international letter post. Currently, inbound UPU "mail" is considered a market dominant product, and as such, all costs and pricing methodologies should be made public and there is no reason to hide full cost the Universal Postal Union terminal dues arrangement imposes on the Postal System.

The Chamber urges the Commission to publicly outline its proposed methodology, to publish its financial impact, and to require the Postal Service to provide public supporting documentation. In addition, we request that the Commission consider whether the new model is justifiable, if the impact is negligible. If not, we recommend the Commission to reject it and to direct the Postal Service to create new models based on similar domestic mail and package pricing methods already in existence.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'S. Heather', with a long horizontal flourish extending to the right.

Sean Heather
Vice President
Center for Global Regulatory Cooperation